

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House  
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**FISCAL IMPACT STATEMENT**

**LS 7433**

**BILL NUMBER: SB 392**

**DATE PREPARED:** Jan 13, 2001

**BILL AMENDED:**

**SUBJECT:** Full day kindergarten and school readiness.

**FISCAL ANALYST:** Chuck Mayfield

**PHONE NUMBER:** 232-4825

**FUNDS AFFECTED:** X GENERAL  
DEDICATED  
FEDERAL

**IMPACT:** State & Local

STATE IMPACT	FY 2001	FY 2002	FY 2003
State Revenues			
State Expenditures		6,660,000	99,808,800
Net Increase (Decrease)		(6,660,000)	(99,808,800)

LOCAL IMPACT	CY 2001	CY 2002	CY 2003
Local Revenues	6,534,000		97,837,200
Local Expenditures			
Net Increase (Decrease)	6,534,000		97,837,200

**Summary of Legislation:** This bill establishes a grant program for full day kindergarten and school readiness programs beginning in the 2002-2003 school year. It requires school corporations to develop a plan and submit it to the Department of Education and Indiana State Board of Education for approval before receiving a grant. The bill provides a \$1,500 grant per full day kindergarten pupil. It also provides a school readiness program grant of \$1,200 per program enrollee. The bill appropriates \$185 per kindergarten ADM (average daily membership) to schools to cover costs in developing a school readiness plan.

**Effective Date:** Upon passage; July 1, 2001; July 1, 2002.

**Explanation of State Expenditures:** This bill has three cost components to finance kindergarten expansion in the state: a kindergarten grant of \$1,500 for each student who is enrolled in full time kindergarten; a school

readiness program grant of \$1,200 for each student who is in a school readiness program; and a program planning grant of \$185 multiplied by the school corporation's average daily membership (ADM) that is enrolled in kindergarten. **The cost of this bill is estimated to be about \$6,534,000 M in FY 2002 and \$97,837,200 in FY 2003.**

**Kindergarten Grant**-- Each school corporation would receive a grant of \$1,500 for each student who is enrolled in a full day kindergarten program starting with the 2002-2003 school year. The expenditures resulting from this grant will depend on the number of students who enroll full day. Two distinct populations of students will determine the expenditures associated with this grant: students who are currently attending kindergarten (70,631 in school year 2001) and students who do not enroll in kindergarten but enroll in first grade (an estimated 8,200).

The Department of Education surveyed school corporations during the 1998-99 school year concerning their plans to offer full day kindergarten if a kindergartner who was enrolled in full day kindergarten was counted as one rather than one-half for ADM (Average Daily Membership) calculation purposes. Based on the 250 school corporations who responded, the following enrollment projections were made:

	<u>Full Day</u>	<u>Half Day</u>
Current	12.1%	87.9%
1999-2000	82.9%	17.1%
2000-2001	86.9%	13.1%
2001-2002	89.1%	10.9%
2002-2003	91.3%	8.7%

Assuming that the number of students who would be enrolled in a full day program would be 80% because the grant amount under this bill would be less than the amount those school corporations would have received if they had a full ADM, the additional costs would be \$84,757,200 ( $70,631 \times 80\% \times \$1,500$ ). If some portion of students who are currently not enrolled would decide to attend, the additional expenditures would be \$9,840,000 ( $8,200 \times 80\% \times \$1,500$ ). **The total cost associated with this grant would be \$94,597,200 in FY 2002 and FY 2003.** This program expires July 2, 2004.

**School Readiness Program** -- The number of students who would be enrolled in school readiness will depend on whether school corporations will offer a readiness program instead of a full day kindergarten program starting with the 2002-2003 school year. Some school corporations currently provide a combination extended day readiness program that is targeted for children who are considered to be at risk. It is estimated that 2,700 children were enrolled in extended day programs run by certified teachers and funded through Title I funding. It is possible that these programs could be funded through the school readiness program. **The additional costs associated with these children would be \$3.24 million ( $2,700 \times \$1,200$ ) for FY 2002 and FY 2003.** This program expires July 2, 2004.

**Program Planning Grant** -- Each school corporation would receive a planning grant of \$185 for each kindergartner who is included in the average daily membership (ADM). Since kindergartners receive a half count whether or not they attend full day, the kindergarten ADM for the 2000-01 school year is 35,315.5. The distribution is made during December 2001. **The additional costs associated with this grant would be \$6,533,367.50.** This program expires July 2, 2002.

This bill appropriates the amount needed for the Program Planning Grant from the state General Fund for FY 2002. No appropriation is made in the bill for the Kindergarten Grant or the School Readiness Grant.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:** The Program Planning Grant is to be distributed December 2001. The Kindergarten Grants and School Readiness Grants are dependent on the enrollments in the fall of 2002. By the time the Department of Education receives and verifies the data the Local Impact table assumes the first distribution would be in January 2003. If the data can be processed quicker then some of the CY 2003 impact would be moved to CY 2002.

**State Agencies Affected:** Department of Education.

**Local Agencies Affected:** Local School Corporations.

**Information Sources:** Department of Education.